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Citrus

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Report Highlights: MY 2000/2001 outdoor Unshu orange production is projected at 535,570 Metric Tons (MT), a 11-percent decline compared to the MY 1999/2000 crop. The Cheju Provincial Government is preparing its 10-year citrus industry development plan and should announce it shortly. Between January and August 2000, fresh orange imports totaled 90,424 MT and 98-percent of the imported oranges were supplied by the U.S. CY 2000 is the first year out of quota imports exceeded MMA quota imports since the market's liberalization in 1997. In CY 2000, Australia joined with the U.S. and South Africa in the Korea imported fruit market.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Citrus Situation	1
Fumigation Policy	2
Packaging	2
FOJC Market Situation	2
PS&D for Fresh Tangerine	3
PS&D for FOJC	4
Production	5
Korea: Citrus Production Situation 1/	5
Korea: Citrus Utilization	5
Korea: Citrus Growing Situation in Greenhouse	6
Korea: 1998/1999 Citrus Growing Situation Per Varieties	6
Korea: Citrus Marketing Ratio Per Period 1/	7
Korea: Purchasing Price of Processing Tangerine Orange	7
Korea: Citrus Production as Ratio of Fruit Production	8
Consumption & Imports	8
Korea: Per Capita Consumption of Total Fruits and Citrus	8
Korea: Monthly Orange Imports	8
Tariff	9
Korea: Import Quota and Tariff for Fresh Orange	9
Korea: Import Quota and Tariff for Other Citrus 1/	9
Trade Matrix	10
Import Matrix for Oranges	10
Import Matrix for Lemon	11
Import Matrix for Grapefruit	11
Export Matrix for Korean Tangerine	12
Import Matrix for FOJC	13
Export Matrix for FOJC	14
Korea: Monthly Average Foreign Exchange Rate (Unit: Krw / 1U\$)	15
Price Table	15
Korea: Average Tangerine Wholesale Auction Price for 1999-2000	15
Korea: Average Greenhouse Tangerine Auction Price in Garak Wholesale Market for 1999-2000	16
Korea: Average Retail Price for Tangerine	16
.....	16
Korea: Average Imported Valencia Auction Price in Garak Wholesale Market for 1999-2000	17
Korea: Wholesale Price for Domestic & Imported Oranges	18
Korea: Average Imported Lemon Auction Price in Garak Wholesale Market for 1999-2000	19
Korea: Average Imported Grapefruit Auction Price in Garak Wholesale Market for 1999-2000	20

Citrus Situation

MY 2000/2001 outdoor Unshu orange production is projected at 535,570 Metric Tons (MT), a 11-percent decline compared to the MY 1999/2000 crop. This is an off-year for a product subject to a cyclical production cycle. Expectations are the fruit, therefore, will be of higher quality and sweeter while the overall crop yield will be lower. MY 1999/2000 greenhouse production totaled 27,850 MT, a 11-percent decrease over the previous year. Due to higher petroleum prices greenhouse farmers raised more alternative citrus varieties, such as Boojihwa and others, that did not need heating during the growing season. MY 2000/2001 greenhouse production is expected to increase only marginally or remain at the current level. Higher input costs are expected to offset higher market prices projected for this crop. Production of late variety citrus is expected to increase to 6,570 MT, up from 6,317 MT in MY 1999.

Cheju Provincial Government is preparing its 10-year citrus industry development plan and should announce it shortly. The plan will propose 988 billion won be invested in the citrus industry. Further, between now and 2010, Cheju plans to reduce citrus production area to 22,000-hectare with a projected annual yield of 550,000 MT. The plan will focus on development of alternative crops, on special processed products, on environmental friendly cultivation practices, on varietal improvements, and on export promotion. In 2001, the government will encourage farmers to introduce a "resting" year program, where crops are harvested biannual in effort to produce a better quality fruit and to reduce the cyclical patterns of production recorded by the industry. Also, the government plans to encourage citrus farmers to grow green tea as an alternative crop and to introduce more late variety orange-type citrus.

Between January and August 2000, fresh orange imports totaled 90,424 MT, of which 32,015 MT entered under the MMA quota. CY 2000 is the first year out of quota imports exceeded MMA quota imports since the market's liberalization in 1997. Market rumors had orange importers earning substantial profits in 2000. Coupled with the tariff difference between MMA quota and out of quota imports dropping to 14.7-percent, more traders are expected to import oranges in CY2001. One reason attributed to the large jump in orange imports in CY2000 was the high quality of California oranges. California oranges hold consumers perception as being the best quality among imported oranges. This year's large import volume however has generated a minor, but growing backlash among some farm groups. These Korean farm groups blame orange imports for lowering prices of local fruits. In actuality, prices of most local fruits were very low in 2000 due to over supply of low quality produce. AgSeoul is closely monitoring development of this nascent anti-import campaign.

In CY2000, Korea signed phytosanitary protocols with Australia, enabling that country to compete with the U.S. and South Africa in the Korea imported fruit market. Traders expected strong competition between California Valencia variety oranges and South African and Australian navels during the summer season, but this never materialized. In CY 2000, the U.S. supplied 98-percent of the imported oranges. The high brix level and good appearance of California Valencia and premium reputation of California oranges made for a formidable competitor in the import market.

In MY 2000, Cheju set an export goal of 17,000 MT, inclusive of greenhouse production. It appears this will not be achieved due to an image problem created by the poor quality crop last year and weaker price competitiveness versus Chinese citrus in Cheju's primary export market, Canada. Canada was slated to import 7,000 MT in MY 2000. Because of the poor quality crop last year Canada actually contracted to import a total of 3,000 MT this year. This year's export projection is tempered as domestic citrus prices are expected to be 20-percent higher and thus attract more fruit into domestic channels. Citrus to be exported should be pre-tested for agricultural chemical residue prior

shipment to ensure the MRL on the fruit will fall within permissible levels of importing countries.

In September 2000, the Cheju Provincial Government and Cheju regional National Agricultural Cooperative Federation sent a team to China's citrus production area. Purportedly the trip's objective was to better understand the Chinese citrus industry prior to China's entry into the WTO. Korea expects significant imports of Chinese citrus when that occurs. China produces citrus varieties similar to those produced in Cheju but under more favorable weather conditions and at a lower production cost. These factors worry Cheju producers who view Chinese citrus as a competitor in both the international market place and, eventually, in Korea.

Fumigation Policy

The National Plant Quarantine Service still maintains the 100-percent fumigation policy for imported U.S. oranges due to the ongoing problem with red scale.

Packaging

Korean fruit wholesalers find the 15 kg box more convenient for the handling and distribution process than the standard 40 lb box used by the U.S. suppliers. South Africa caters to this preference and uses the 15 kg box.

FOJC Market Situation

In 2001, domestic processors are projecting consumption of orange juice to increase slightly or maintain its current level. Strong competition from new drink products and a mature orange juice market are the basis for this outlook. The market for fresh squeezed orange juice is limited though consumers' preference for such juice remains strong.

In 2000, Cheju built a processing plant complex that can process more than 60,000 MT of citrus annually. Cheju will produce concentrate, juice, powder, liquor, chocolate, vinegar made of citrus, starting in 2001. Cheju is hoping that such a large scale processing plant will help its marketing and will provide a stabilizing effect on market prices as 15-percent of fruit is rejected by the fresh market.

Orange juice exports have not rebounded from the Asian economic crisis. Weak economic conditions in many Asian markets, including Russia, formerly Korea's largest market, restrict export expansion efforts.

PS&D for Fresh Tangerine

PSD Table						
Country	Korea, Republic of					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	25860	25860	25900	25823	0	25800
Area Harvested	23107	23107	23143	22982	0	22962
Bearing Trees	28445	28884	28490	28728	0	28703
Non-Bearing Trees	10344	9905	10360	10007	0	9997
TOTAL No. Of Trees	38789	38789	38850	38735	0	38700
Production	516	516	650	640	0	565
Imports	1	1	2	1	0	2
TOTAL SUPPLY	517	517	652	641	0	567
Exports	7	7	9	7	0	10
Fresh Dom. Consumption	505	505	610	601	0	552
Processing	5	5	33	33	0	5
TOTAL DISTRIBUTION	517	517	652	641	0	567

PS&D for FOJC

PSD Table						
Country	Korea, Republic of			65	Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Deliv. To Processors	0	5012	0	33142	0	5000
Beginning Stocks	2304	2304	2096	2096	2611	2602
Production	534	534	3404	3533	0	533
Imports	34887	34887	41500	41200	0	47000
TOTAL SUPPLY	37725	37725	47000	46829	2611	50135
Exports	589	589	800	250	0	300
Domestic Consumption	35040	35040	43589	43977	0	47050
Ending Stocks	2096	2096	2611	2602	0	2785
TOTAL DISTRIBUTION	37725	37725	47000	46829	0	50135

Production

Korea: Citrus Production Situation 1/

Year	Area (HA)	Production (MT)	Farm Household	Gross Income (Mil.won)
1990	19,414	492,700	25,616	315,100
1991	19,605	556,350	25,818	425,134
1992	21,727	718,700	29,541	262,330
1993	21,479	619,000	26,571	394,829
1994	22,800	548,945	26,596	552,120
1995	24,150	614,770	26,589	433,447
1996	25,802	480,000	36,055	607,900
1997	25,781	693,200	36,050	400,862
1998	25,860	543,980	36,212	515,800
1999	25,823	638,740	36,073	325,709
2000 2/	25,800	563,420	36,000	N/A

1/ Greenhouse production is included.

2/ Preliminary

Source: Cheju Provincial Government & Cheju Citrus Grower's Cooperative

Korea: Citrus Utilization

(Unit: MT)

Year	Total	Fresh	Processing	Other 1/
1994	548,945	460,620	30,727	57,598
1995	614,770	553,683	47,227	13,860
1996	480,000	438,000	12,000	30,000
1997	693,200	617,747	13,785	61,668
1998	543,980	512,586	5,012	26,382
1999	638,740	567,041	33,142	38,557 2/

1/ Other - composed of self consumption, loss and discarded citrus in Cheju

2/ Other - including MT purchase by Cheju Provincial Government

Source: Cheju Citrus Grower's Cooperative

Korea: Citrus Growing Situation in Greenhouse

Year	Area (HA)	Production (MT)	Gross Income (Million Won)	Household	Price (Won/kg)
1990	25.5	1,277	3,908	114	3,060
1991	80.2	4,224	12,756	328	3,020
1992	164.4	5,364	16,467	643	3,070
1993	295.6	9,112	24,010	1,035	2,635
1994	376	13,220	39,858	1,278	3,015
1995	425	15,851	46,500	1,537	2,800
1996	497.7	23,093	74,659	1,601	3,233
1997	554.2	27,461	85,077	1,762	3,098
1998	637	28,922	66,776	2,094	2,309
1999	694	31,612	73,740	2,132	2,333
2000 1/	567	27,841	N/A	1,777	N/A

1/ Preliminary

Source: Cheju Provincial Government & Cheju Citrus Grower's Cooperative

Korea: 1998/1999 Citrus Growing Situation Per Varieties

(Unit: HA, MT)

Year Variety	Acreage		Production	
	1998	1999	1998	1999
Very early	2,102	2,228	36,471	44,792
Early	20,689	20,598	452,563	521,611
Normal	2,458	2,352	48,792	65,020
Late	611	645	6,154	7,317
Total	25,860	25,823	543,980	638,740

Source: Cheju Provincial Government & Cheju Citrus Grower's Cooperative

Korea: Citrus Marketing Ratio Per Period 1/

(Unit: Percent)

Year	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
MY1995	4.3	19.1	25.9	22.9	17.1	10.7	100
MY1996	3.7	18.0	27.1	31.1	17.4	2.7	100
MY1997	7.3	19.3	32.0	25.9	12.6	2.9	100
MY1998	5.2	20.5	34.5	21.1	13.8	4.9	100
MY2000	6.0	18.0	28.0	29.0	11.0	8.0*	100

1/ Greenhouse production is excluded.

* Citrus marketed between March and May

Source: Cheju Citrus Grower's Cooperative

Korea: Purchasing Price of Processing Tangerine Orange

(Krw/kg)

Year	Price
1991	366
1992	250
1993	267
1994	220
1995	220
1996	220
1997	100
1998	100
1999	100

Source: Cheju Citrus Grower's Cooperative

Korea: Citrus Production as Ratio of Fruit Production

(Unit: 1,000 MT, Ratio: Percent)

Year	Total Fruits	Citrus	Ratio
1980	833	187	22.4
1985	1,463	394	27.5
1990	1,765	493	30.4
1992	2,090	719	36.5
1993	1,920	619	35.0
1994	1,930	549	28.4
1995	2,150	615	28.6
1996	2,003	480	24.0
1997	2,330	693	29.7
1998	2,022	544	26.9
1999	2,229	639	28.0

Source: Cheju Provincial Government

Consumption & Imports**Korea: Per Capita Consumption of Total Fruits and Citrus**

Year	Total Fruits	Citrus
1996	52.3 Kg	11.9 Kg
1997	57.9 Kg	14.9 Kg
1998	49.2 Kg	11.9 Kg
1999	55.7 Kg	13.8 Kg

Source: Ministry of Agriculture & Forestry

Korea: Monthly Orange Imports

(Unit: Metric Tons)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'00	2389	13040	10733	25229	23006	5056	7137	3833				
'99	792	633	2076	2943	7269	3261	94	337	1044	426	115	11863
'98	179	2664	1367	12308	8739	4700	3349	737	1086	252	225	1052

Source: Korea Customs Service

Tariff

Korea liberalized fresh orange market on July 1, 1997. The followings are in-quota and out-of quota tariff applied to oranges and other citrus in accordance with the Uruguay Round Country Schedule.

Korea: Import Quota and Tariff for Fresh Orange

(Unit: MT, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1999	31,641	50	74.5
2000	35,596	50	69.6
2001	40,046	50	64.7
2002	45,052	50	59.8
2003	50,684	50	54.9
2004	57,020	50	50

Korea: Import Quota and Tariff for Other Citrus 1/

(Unit: MT, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1999	1,630	50	152
2000	1,723	50	150.4
2001	1,816	50	148.8
2002	1,909	50	147.2
2003	2,002	50	145.6
2004	2,097	50	144

1/ HS 0805.20.1000, HS 0805.20.9000, HS 0805.90.0000

Trade Matrix

Import Matrix for Oranges

Import Trade Matrix				
Country: Korea				
Commodity: Orange (HS 0805.10)			Unit: MT & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	19,000	19,527	101,296	63,338
Others				
Thailand	4	21	0	0
Canada	73	38	0	0
South Africa	901	793	1,481	1,135
New Zealand	0	0	49	49
Australia	0	0	2	6
Total for Others	978	852	1,532	1,190
Grand Total	19,978	20,379	102,828	64,528

Source: Korea Customs Service

Import Matrix for Lemon

Import Trade Matrix				
Country: Korea				
Commodity: Lemon			Unit: MT & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	2,585	3,217	2,896	3,822
Others				
New Zealand	114	141	41	44
Other	0	0	0	1
Total for Others	114	141	41	45
Grand Total	2,699	3,358	2,937	3,867

Source: Korea Customs Service

Import Matrix for Grapefruit

Import Trade Matrix				
Country: Korea				
Commodity: Grapefruit			Unit: MT & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	2,197	1,787	1,564	1,324
Others				
Israel			107	102
Total for Others	0	0	107	102
Grand Total	2,197	1,787	1,671	1,426

Source: Korea Customs Service

Export Matrix for Korean Tangerine

Export Trade Matrix				
Country: Korea				
Commodity: Tangerine			Unit: MT & U\$1,000	
Exports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	31	29	377	298
Others				
Russia	19	7	76	33
Canada	4,166	2,854	4,751	3,359
Japan	2,341	4,076	983	3,081
Singapore	1	3	29	24
Hong Kong	17	23	76	48
Guam	37	78	39	150
Indonesia	0	0	54	24
Others	2	3	20	14
Total for Others	6,583	7,044	6,028	6,733
Grand Total	6,614	7,073	6,405	7,031

Source: Korea Customs Service

Import Matrix for FOJC

Import Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: MT & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	9,846	15,795	6,847	11,452
Others				
Brazil	24,570	34,882	30,094	36,947
Australia	88	99	55	95
Israel	85	107	47	92
Japan	163	214	0	0
Hong Kong	0	0	19	11
Swiss	17	232	23	284
Belgium	66	74	0	0
Belize	33	55	0	0
Spain	3	1	0	0
Netherlands	0	0	98	107
Other	16	30	11	26
Total for Others	25,041	35,694	30,347	37,562
Grand Total	34,887	51,489	37,194	49,014

Source: Korea Customs Service

Export Matrix for FOJC

Export Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: MT & U\$1,000	
Exports for	MY 1998/99		Oct. 1999 - Aug. 2000	
Country	Vol	Val	Vol	Val
U.S.	-	4	87	95
Others				
Russia	2	5	0	0
Taiwan	162	211	0	0
PRC	0	0	2	21
Australia	306	356	0	0
Japan	5	30	10	56
Banglad	14	8	12	8
Guam	3	4	16	20
Canada	0	0	47	122
India	0	0	25	14
Other	97	231	30	115
Total for Others	589	845	142	356
Grand Total	589	849	229	451

Source: Korea Customs Service

Korea: Monthly Average Foreign Exchange Rate (Unit: Krw / 1U\$)

Month	1997	1998	1999	2000
January	849.88	1706.80	1176.94	1131.07
February	866.85	1623.06	1186.81	1128.80
March	879.41	1505.28	1229.16	1117.19
April	893.56	1391.97	1208.94	1109.76
May	892.05	1394.62	1197.00	1120.01
June	889.49	1397.18	1169.63	1118.73
July	890.50	1300.77	1186.04	1114.86
August	895.90	1303.22	1199.79	1114.57
September	909.53	1370.80	1196.97	1116.50
October	921.85	1336.72	1206.38	
November	1025.58	1294.13	1177.22	
December	1484.08	1213.65	1138.39	

Price Table**Korea: Average Tangerine Wholesale Auction Price for 1999-2000**

(Unit: Korean Won per 1Kg)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Jan.	1,735	812	1,351	552
Feb.	1,937	665	1,497	464
Mar.	1,760	697	1,279	527
Apr.	1,967	771	1,540	612
May - September: N/A				
Oct.	1,813	N/A	1,406	N/A
Nov.	1,059	N/A	796	N/A
Dec.	935	N/A	642	N/A

Source: Garak Wholesale Market

Korea: Average Greenhouse Tangerine Auction Price in Garak Wholesale Market for 1999-2000

(Unit: Korean Won per Kg)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Mar.	3,673	1,465	3,000	1,104
Apr.	4,205	1,800	3,200	1,200
May	6,474	2,758	5,767	2,054
Jun.	4,335	4,060	3,577	3,328
Jul.	3,996	3,758	3,346	3,004
Aug.	3,662	3,496	2,962	2,833
Sep.	3,557	3,663	2,683	2,896
Oct.	3,454		2,558	
Nov.	2,550		1,817	

Source: Garak Wholesale Market

Korea: Average Retail Price for Tangerine

(Unit: Korean Won per 10 Fruits, Approximately 100g per fruit)

Year Month	1998 1/	1999 2/	2000 2/	% Changes of 1999/00
Jan	1,465	2,141	1,213	- 43 %
Feb	1,521	2,535	1,182	- 53 %
Mar	1,858	2,432	1,176	- 51 %
Apr	2,280	2,442	1,196	- 51 %
May	2,617	N/A	1,160	N/A
June - September: N/A				
Oct	2,353	2,159	N/A	N/A
Nov	2,007	1,714	N/A	N/A
Dec	1,921	1,429	N/A	N/A

1/ Prices for high quality until the end of 1998

2/ Prices for medium quality in 1999 and 2000

Source: Agricultural & Fishery Marketing Corporation

Korea: Average Imported Valencia Auction Price in Garak Wholesale Market for 1999-2000

(Unit: Korean Won per Kg)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Apr.	3,097	N/A	3,194	N/A
May	3,372	1,259	2,746	1,278
Jun.	2,735	1,750	2,228	1,778
Jul.	2,494	1,348	1,960	1,209
Aug.	2,758	1,300	2,401	1,155
Sep.	2,801	1,461	2,472	1,336
Oct.	2,684		2,232	
Nov.	2,633		2,375	
Dec.	N/A		N/A	

Source: Garak Wholesale Market

Korea: Wholesale Price for Domestic & Imported Oranges

(Unit: Korean Won per 1kg)

Month	Imported Navel		Korean Orange	
	High	Medium	Navel (Medium)	Hanlabong 1/ (High)
Feb. 99	3,558	3,108	3,723	N/A
Mar. 99	3,693	3,265	3,536	N/A
Apr. 99	4,102	3,831	4,000	5,667
May. 99	4,306	4,056	N/A	5,420
Jun. 99	N/A	N/A	N/A	4,600
Dec. 99	1,995	1,806	2,801	N/A
Jan. 00	1,820	1,528	1,944	6,083
Feb. 00	1,672	1,351	1,583	5,318
Mar. 00	1,666	1,493	1,754	N/A
Apr. 00	1,811	1,635	1,393	N/A

1/ Of late varieties, similar to oranges

Source: Garak Wholesale Market

Korea: Average Imported Lemon Auction Price in Garak Wholesale Market for 1999-2000

(Unit: Korean Won per 18 Kg Box)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Jan.	61,750	50,000	56,000	43,260
Feb.	38,000	45,432	28,500	35,886
Mar.	38,500	58,365	25,000	45,180
Apr.	42,708	45,977	34,438	35,238
May	37,500	36,646	32,370	30,375
Jun.	40,769	35,780	34,346	28,980
Jul.	51,154	44,096	43,923	41,346
Aug.	57,596	48,426	52,500	44,537
Sep.	58,043	65,458	52,500	60,896
Oct.	77,288	N/A	71,731	N/A
Nov.	66,320	N/A	56,440	N/A
Dec.	54,327	N/A	44,577	N/A

Source: Garak Wholesale Market

Korea: Average Imported Grapefruit Auction Price in Garak Wholesale Market for 1999-2000

(Unit: Korean Won per 18 Kg Box)

Month	High Quality	
	1999	2000
Jan.	36,750	35,460
Feb.	27,175	32,773
Mar.	27,654	27,942
Apr.	29,646	25,136
May	29,478	26,625
Jun.	28,423	31,080
Jul.	32,212	34,308
Aug.	31,615	24,463
Sep.	28,522	22,625
Oct.	22,385	N/A
Nov.	18,500	N/A
Dec.	33,058	N/A

Source: Garak Wholesale Market